SENSEX	NIFTY	GOLD	USD	CRUDE OIL
61932.47	18286.50	61066.00	82.37	5834.00

MF assets zoom to Rs.41.50 lakh crore in April

The AUM of the MF industry has increased by 4% to reach Rs.41.52 lakh crore in April 2023 to Rs.40.06 lakh crore in March 2023.

Overall, the new financial year started on a positive note. The industry witnessed net inflows of over Rs.1.21 lakh crore in April 2023.

Here are the other key highlights of April 2023.

Fund flows across categories

Equity funds - Overall net inflows decreased substantially from Rs. 20,534 crore in March 2023 to Rs.6480 crore in April 2023. Only one equity fund was launched during April, ICICI Prudential Innovation Fund, which collected close to Rs.1600 crore.

In March, the industry collected close to Rs.4000 crore from three NFOs.

Further, category-wise review shows that small cap funds received the highest inflows of Rs. 2200 crore. Mid cap funds witnessed the next highest flows of Rs. 1800 crore.

Akhil Chaturvedi, Chief Business Officer, Motilal Oswal MF said, “Inflows in the small cap category remained strong in continuation of recent trend. Small caps look reasonably attractive at these levels post the price correction they went through during FY22-23. Investors have also taken advantage of better investment environment in debt markets and also spurred by adverse change in taxation for debt funds by increasing allocation to hybrid funds.”

Manish Mehta, National Head and Sales, Marketing & Digital Business, Kotak MF said, “We believe since March witnessed good inflows in equity, investors probably took a wait and watch approach to allocating additional investments to equity in April while continuing with their existing SIPs.”

Hybrid funds - Thanks to inflows of over Rs.3800 crore in arbitrage funds, the industry recorded net inflows of Rs.3300 crore in the hybrid category.

Barring arbitrage and multi asset funds, all other categories witnessed outflows in April.

Passive funds – Interestingly, passives funds recorded more inflows than active categories like pure equity funds and hybrid funds.

The category received inflows of close to Rs.7000 crore. ETFs recorded maximum inflows of Rs.6790 crore.

SIP - Investors registered 7 lakh SIPs in April 2023. The total SIP accounts and AUM stood at 6.42 crore and Rs. 7.17 lakh crore. Also, the monthly SIP flows reduced marginally to Rs.13,700 crore

N S Venkatesh, Chief Executive, AMFI said, “We expect gross monthly inflows through systematic investment plans to reach Rs 17,000-18,000 crore per month by the end of the fiscal year, indicating substantial growth potential. Investors must stay invested for the long term without getting swayed by market movements. Time spent in the market is the key rather than timing the market. Our campaigns also aim to creating awareness about goal-based investing, investing for the long-term.”

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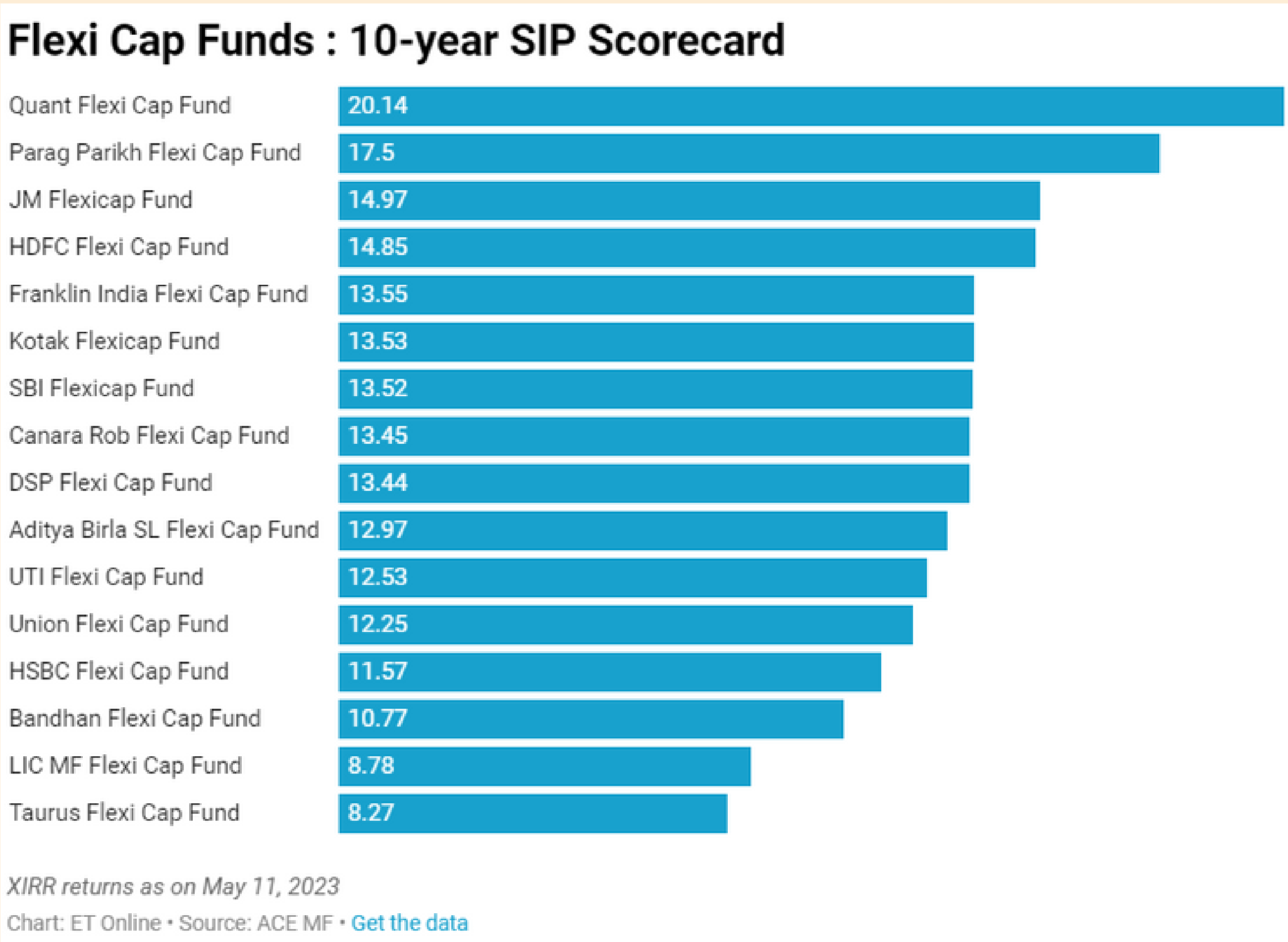
12 flexi cap funds offered over 12% SIP returns in 10 years

The volatility in the stock market is unnerving many mutual fund investors, especially new investors who have started investing recently. They wonder whether they will be able to make 12% returns from equity mutual funds over a long period. The stock market has offered around 13.93% returns in the last one year. It has offered around 25.04% in the last three years. It has offered around 11.93% in the last five years, and 11.92% in the last 10 years. Want further proof?

ETMutualFunds looked at the performance of flexi cap funds in the last 10 years. We looked at the returns generated by these schemes if someone was investing through Systematic Investment Plan or SIP in the last 10 years. Flexi cap funds is a new category. However, diversified equity schemes that invest across capitalisations and sectors have been around for a long times. Sure, they used to be called multi cap schemes for while, before Sebi started calling them flexi cap funds in November 2020.

According to data from Ace MF, 12 flexi cap schemes offered more than 12% SIP returns in 10 years. Around 2 schemes offered more 15% SIP returns in 10 years. Only 2 schemes offered single-digit returns.



Flexi cap schemes are recommended to investors with a moderate risk profile.

SEBI tweaks mutual fund investment framework in minors' names via guardians

Capital markets regulator Sebi on Friday tweaked the rules about investment in mutual funds made in the name of a minor through a guardian. The regulator has asked all Asset Management Companies (AMCs) to make the necessary changes to facilitate such mutual fund transactions with effect from June 15, 2023.

Under the new rule, payment for investment in mutual funds by any mode will be accepted from the bank account of the minor, parent or legal guardian of the minor, or a joint account of the minor with parent or legal guardian, Sebi said in a circular.

For existing mutual fund folios, the AMCs will have to insist upon a change of pay-out bank mandate before redemption is processed.

Irrespective of the source of payment for the subscription, all redemption proceeds will be credited only to the verified bank account of the minor, which he or she can hold with the parent/ legal guardian, the Securities and Exchange Board of India (Sebi) said.

In December 2019, Sebi prescribed the uniform process to be followed AMCs in case of investments made in the name of a minor through a guardian.

₹6 out of ₹10 has come from individual investors

An analysis of AUM data released by AMFI shows that Rs.6 out of every Rs.10 invested in mutual funds has come from individual investors which include retail and HNIs.

Year	Individual		Total individual AUM	Total AUM	Proportion of Individual AUM to total AUM
	Direct plan	Regular plan			
2019	3.12	10.5	13.62	23.8	57%
2020	2.24	9.65	11.89	22.26	53%
2021	3.39	13.85	17.24	31.43	55%
2022	4.3	17.23	21.53	37.57	57%
2023	4.88	18.64	23.52	39.42	60%

The data from the past five years reveals a rise in the proportion of individual AUM compared to total AUM. The proportion of individual assets to the total assets grew from 57% in FY 2019 to 60% in FY 2023.

The data also shows that the AUM individual investors increased from Rs 13.62 lakh crore in 2019 to Rs 23.52 lakh crore in 2023, a growth of 73% in five years.

Further, the data reveals that the growth has come from regular plans which account for 79% of the total individual AUM.

‘Online direct plan distributors are not able to disrupt MF distribution space’

A report released by Motilal Oswal Financial Services reveals that online direct plan distributors have witnessed high incidence of SIP discontinuation. As a result, their net SIP count is negative.
The report said, “The online distributors have been in the ecosystem for a long period (7-8 years) now. However, unlike their impact on the broking industry, they have not yet been able to disrupt the MF distribution space. In fact, in the recent past, a few of the online distributors have seen a negative net SIP count.”
While offline distributors sell SIPs with a minimum tenure of 12 months, online players have been promoting SIPs of shorter durations such as 3-6 months, which has affected the renewal rates, as the returns for such short periods have been poor, points out the report.

FM instructs SEBI, RBI, PFRDA and IRDAI to simplify and streamline KYC process

Single digital KYC across all financial instruments may become a reality soon. The finance ministry held a meeting of the Financial Stability and Development Council (FSDC) in which it has asked SEBI, RBI, PFRDA and IRDAI to simplify and streamline KYC framework.
The government said that this will pave way for the digital India and enhance the experience of retail investors. Further, the government has asked all regulators to conduct a special drive to settle unclaimed deposits and investments. It said, “Regulators should conduct a special drive to facilitate the settlement of unclaimed deposits and claims in the financial sector across all segments, such as banking deposits, shares and dividends, mutual funds, insurance, etc.”
The ministry has also launched Bimakrit Bharat, which will take insurance to the last mile.
Among other key decisions were

- Regulators should focus on reducing compliance burden
- Ensure streamlining the regulatory environment
- Ensure cyber security preparedness of IT systems

Union Finance Minister, Nirmala Sitharaman chaired this meeting. Chairpersons and senior officials including Shaktikanta Das, Governor RBI, Mabhabi Puri Buch, Chairperson SEBI, Debashish Panda, Chairman IRDAI and Deepak Mohanty, Chairman PFRDA attended this meeting.

LIC MF sees merger with IDBI MF being completed in H1

LIC Mutual Fund expects the proposed merger between it and IDBI Mutual Fund to be completed by the first half of this fiscal. Fair trade regulator Competition Commission of India (CCI) in March this year approved LIC MF’s acquisition of IDBI MF. State-run insurer Life Insurance Corporation of India (LIC) is the sponsor of LIC MF, while IDBI Bank is the sponsor of IDBI MF.
“We are waiting for some more clarifications (regarding the proposed merger) from the regulator. Then, IDBI MF and we will have to give a one-month exit notice to the investors. We see the completion of the merger happening may be at the end of June or July, if everything goes well. So, hopefully, by the first half of the current fiscal, it should happen,” LIC MF managing director & CEO TS Ramakrishnan told FE.

SEBI grants final approval for proposed change in control of HDFC AMC, says HDFC Bank

HDFC Bank on Wednesday said markets regulator Securities and Exchange Board of India (Sebi) has granted its final approval for the proposed change in control of HDFC AMC. This approval will help pave the way for the merger of HDFC into HDFC Bank, expected to be finalised by the third quarter of the next financial year.

Sebi, through its letter dated May 10, 2023, to HDFC Asset Management Company, a subsidiary of HDFC and the investment manager of HDFC AMC AIF II, has granted its final approval for the proposed change in control of HDFC AMC, the private sector lender said in a stock exchange filing.

"Sebi has also advised HDFC AMC to ensure compliance with all other provisions of Sebi (Alternative Investment Fund) Regulations, 2012 and circulars issued thereunder," it added.

Termed as the biggest transaction in India's corporate history, HDFC Bank on April 4 last year agreed to take over the biggest domestic mortgage lender in a deal valued at about $40 billion, creating a financial services titan.

The proposed entity will have a combined asset base of around ₹18 lakh crore.

23% of salaried people aren't prepared for financial emergencies: Survey

Planning for financial goals continues to be the biggest challenge for salaried Indians, according to a survey conducted by Finsafe India, a financial education company. The survey was conducted among 1,364 salaried employees.

Unprepared for financial emergencies

The survey highlighted the lack of financial planning in India. The salaried tend to rely solely on employer benefits and are unsure if they are planning correctly for their goals.

For instance, 48 percent of those surveyed found planning for financial goals to be their biggest financial challenge, while 42 percent said they would not be able to meet their expenses if they lost their job.

Supporting elderly parents and paying for medical expenses were bigger financial worries than not being able to repay loans, especially credit card debt.

Forty-eight percent of the respondents said they relied on employer-provided medical cover, but were not sure if that was enough, and 23 percent were not prepared for medical emergencies at all.

While 44 percent of the respondents invested in equities, debt investments like fixed deposits and insurance policies were popular among 36 percent of those surveyed. About a third of the respondents (34 percent) did not invest at all as they did not know where to invest.

Financial planning, mutual funds, and taxation were topics that investors wanted to learn more about.

Savings, which is the foundation to building wealth, is a big challenge for individuals — 57 percent saved less than 20 percent of their take-home salary, and 24 percent did not save at all. This was mainly due to lifestyle expenses, big loans, and simply not having a savings mindset.

NEWS IN BRIEF

Debt mutual funds attracts Rs 1.06 lakh crore in FY23; liquid funds account 60% inflow

After massive outflow in March, debt-oriented mutual funds witnessed a sharp turnaround in April as they attracted Rs 1.06 lakh crore with liquid schemes accounting for 60 per cent of the inflow. Barring credit risk and banking and PSU fund categories, all the other segments witnessed net inflows and expectedly, categories having shorter maturity profiles were the biggest beneficiaries, the data with the Association of Mutual Funds in India (Amfi) showed.

Mutual funds' collections from New Fund Offers decline 42% in FY23

Hit by markets regulator Sebi's ban on the launch of new fund offerings, mutual funds' collections through fresh schemes remained subdued at ₹62,342 crore in FY23, which was 42% lower than in the preceding fiscal. However, a higher number of NFOs were launched during the last financial year compared to the preceding year.

Equity mutual fund flows, SIPs fall in April despite rebound

Flows into equity mutual funds in April slowed down to ₹6,480 crore from ₹20,534 crore in the previous month as retail investors adopted a wait-and-watch approach amid the rebound in the stock market. Data from the Association of Mutual Funds of India (AMFI) showed monthly flows into products through systematic investment plans (SIPs) also dipped to ₹13,728 crore compared to ₹14,276 crore in March. The Sensex and Nifty rose roughly 3.59% and 4.06% in April.

SBI, LIC and UTI are the top three pension funds

SBI Pension Funds, LIC Pension Fund and UTI Retirement Solutions are the top three pension funds, shows PFRDA data. These funds collectively manage 93% or Rs. 8.33 lakh crore of industry assets. Accounting for 38% (Rs. 3.39 lakh crore), SBI Pension Funds manages the largest chunk of total NPS (National Pension System) and APY (Atal Pension Yojana) assets as on March 31, 2023. Following it are LIC Pension Fund and UTI Retirement Solutions, which manage 28% (Rs. 2.53 lakh crore) and 27% (Rs. 2.41 lakh crore), respectively.

Around Rs 2,637.94 crore lying unclaimed with mutual funds: Amfi data

Around Rs 2,637.94 crore of unclaimed dividends and units are lying with mutual fund (MF) houses, the Association of Mutual Funds in India (Amfi) said on Thursday. Of the total, Rs 1,659.02 crore is in the form of unclaimed dividends and the rest , Rs 978.92 crore, are unclaimed redemptions. Amfi's chief executive officer NS Venkatesh said that the association has been working closely with the Securities and Exchange Board of India (Sebi) to ensure that the money reaches the rightful owner. "Sebi has advised Amfi to ensure that the investor or nominee or heir gets the money. We are working closely with Sebi in this matter.

Source:- Economictimes, Moneycontrol, Livemint, Cafemutual, Ibjarates, AMFIIndia Etc.

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NEW FUND OFFER (NFO)